

UTILITIES SERVICE BOARD MEETING
August 21, 2006

UTILITIES SERVICE BOARD MEETINGS ARE RECORDED ELECTRONICALLY OR STENOGRAPHICALLY AND ARE AVAILABLE DURING REGULAR BUSINESS HOURS IN THE OFFICE OF THE DIRECTOR OF UTILITIES.

Board President Swafford called the regular meeting of the Utilities Service Board to order at 5:01 p.m. The meeting was held in Conference Room 100B at the Indiana University Research Park at 501 North Morton Street in Bloomington, Indiana.

Board members present: Tom Swafford, Susan Sandberg, Jeff Ehman and Sam Vaught. Staff members present: Patrick Murphy, John Langley, Michael Horstman, Tom Staley, Mike Bengtson, Jane Fleig, Mike Trexler, Adam Wason and Adrian Reid. Others present: Mark Menefee representing Indiana University, Margaret Fette representing the Libertarian Party and Emily Thickstun representing the Herald Times.

MINUTES

BOARD MEMBER EHMAN MOVED AND BOARD MEMBER VAUGHT SECONDED THE MOTION TO APPROVE THE MINUTES OF THE AUGUST 7, 2006, MEETING. MOTION CARRIED. 4 AYES, 3 MEMBERS ABSENT, (HENKE, ROBERTS AND WHIKEHART).

Board members Henke and Mayer arrived at this time.

CLAIMS

BOARDMEMBER VAUGHT MOVED AND BOARDMEMBER SANDBERG SECONDED THE MOTION TO APPROVE THE CLAIMS AS FOLLOWS:

CLAIMS 0691144 THROUGH 0691226 INCLUDING \$171,269.08 FROM THE WATER OPERATIONS & MAINTENANCE FUND AND \$12,988.64 FROM THE WATER CONSTRUCTION FUND FOR A TOTAL OF \$184,572.72 FROM THE WATER UTILITY; CLAIMS 0630756 THROUGH 0630803 INCLUDING \$136,166.60 FROM THE WASTEWATER OPERATIONS & MAINTENANCE FUND AND 12,815.79 FROM THE WASTEWATER CONSTRUCTION FUND FOR A TOTAL OF \$148,982.39 FROM THE WASTEWATER UTILITY; AND CLAIM 0670052 THROUGH CLAIM 0670054 FOR A TOTAL OF \$2,510.81 FROM THE WASTEWATER/ STORMWATER UTILITY. TOTAL CLAIMS APPROVED - \$336,065.92.

Board member Ehman referred to claim number 0630765 for Cintas First Aid. He asked if defibrillators were a part of the first aid kits. Deputy Director Langley said that CUD has electrical defibrillators in each building.

Mr. Ehman also asked about claim number 0630767 for assorted bolts and washers which were being bought from Continental Research Corporation. Mr. Langley said that he would research this and send an explanation to Mr. Ehman.

Then Mr. Ehman asked about claim number 0691216 for Duke Energy. He wanted to know if this bill had been for one month or two. Utilities Director Murphy said that he believed it was for one month but he would verify it. Board member Henke said that it would be interesting to see how this amount compares to the monthly budget.

Board member Henke pointed out that some items on the claims list are being circled as if they may be paid by insurance. He asked if the insurance claim had been settled. Utilities Director said that CUD received a payment in May from the insurance company. Once construction on the new building has been completed there is the possibility of receiving one more insurance payment for around \$225,000 to \$250,000. That will only happen once substantial completion has taken place.

Mr. Henke asked to be provided with a document indicating what benefits have been received from the insurance company.

Board President Swafford asked Assistant Director of Finance Horstman about 4 claims for filing fees for liens on delinquent customers. He wanted to know what the process is for this.

Assistant Director of Finance Horstman said that first the customer gets a past due bill then a delinquency notice is sent to them. If they haven't responded they are sent a pre-lien letter warning them that a lien will be put on their property if the bill doesn't get paid. Finally a lien is filed on the property and the customer is informed that this has happened. Mr. Swafford asked that Mr. Horstman update the board at the next meeting on how this process is going.

Board member Henke asked Utilities Director Murphy if he had contacted the Apartment Owners Association about the lien process. Public Relations Specialist Wason said that he had been in contact with them. He is working with TSC to see if the CUBs program can be refined to allow landlords to check to see if money is owed to CUD before move out time occurs.

MOTION CARRIED. 5 AYES, 2 MEMBERS ABSENT, (Roberts and Whikehart).

WIRE TRANSFERS AND FEES FOR THE MONTH OF JUNE 2006:

BOARD MEMBER EHMAN MOVED AND BOARD MEMBER SANDBERG SECONDED THE MOTION TO APPROVE THE WIRE TRANSFERS AND FEES FOR THE MONTH OF JUNE 2006 IN THE AMOUNT OF \$565,969.71.

MOTION CARRIED. 5 AYES. 2 MEMBERS ABSENT (ROBERTS AND WHIKEHART).

APPROVAL OF THE PROJECT AWARD RESOLUTION FOR THE DILLMAN ROAD WWTP PUMPING STATION IMPROVEMENTS:

Assistant Director of Engineering Bengtson said that with the USB's approval the contract will be awarded to Bowen Engineering. The bids came in low and all four were clustered together. The low bid was about \$533,000 under the Engineer's bid. If the USB approves the award of the bid it will then get sent on to SRF for their approval, then the actual award can take place.

Board member Henke asked for an overview of the project. Mr. Bengtson explained that it would include the replacement of the pumps that are in the main pump station, the coarse screens will be replaced with very fine screens to further protect the pumps, grit removal will be added and a septic haulers receiving station will be added which will allow the load to be received in a container so some testing can be done allowing the load to be rejected if there is a problem with it or slowly feed it into the system. Also all the electrical switch gear will be replaced.

BOARD MEMBER HENKE MOVED AND BOARD MEMBER EHMAN SECONDED THE MOTION TO APPROVE THE PROJECT AWARD RESOLUTION FOR THE DILLMAN ROAD WWTP PUMPING STATION IMPROVEMENTS.

MOTION CARRIED. 5 AYES. 2 MEMBERS ABSENT, (ROBERTS AND WHIKEHART).

DECLARATION OF SURPLUS PROPERTY FROM THE OLD ADMINISTRATION BUILDING:

Plant Manager and Capital Projects Coordinator Mike Hicks said that Purchasing Manager Julie Martindale and Attorney Vickie Renfrow had prepared a list of items that are built in to the old building that is to be demolished. Ms. Renfrow was asked to contact an organization that has the man power to remove the things that aren't worthy of salvage by CUD. Last week Rick Lock of Habitat for Humanity visited and prepared a list of items that they could use. State law allows the declaration of items as surplus property and the offer of them to not for profits. These are items that it has been determined it would not be worth the time required to remove them. Habitat will not be using these items in homes, but will put them in their "Re-store" where they will be sold and the money generated will be used for Habitat projects.

Board President Swafford asked if the removal of these items will effect the demolition of the building. He wanted to know if these items are included as a part of the bid package. Mr. Hicks said that the plan to remove some things came up after the project had been bid. He asked three of the potential bidders if their bid was based on salvaging these items. They all said that it would be helpful to get as much out in advance as possible. There is also a security problem when the windows are removed so they will wait until the contractor is on site and has secured the building.

Mr. Swafford asked when demolition would begin. Mr. Hicks replied that he is expecting it to start about the third week of September so he is asking that the surplus items be removed by the second week of September.

Mr. Swafford asked if Habitat for Humanity has insurance that would cover them during this project. Mr. Hicks said that Ms. Renfrow had asked that they provide insurance information. They will also coordinate with CUD to make sure that a staff member is present while they are working.

BOARD MEMBER SANDBERG MOVED AND BOARD MEMBER EHMAN SECONDED THE MOTION TO APPROVE THE DECLARATION OF SURPLUS PROPERTY FROM THE OLD ADMINISTRATION BUILDING.

MOTION CARRIED. 5 AYES. 2 MEMBERS ABSENT, (ROBERTS AND WHIKEHART)

OLD BUSINESS:

Utilities Director Murphy said that they had just gone through the claims and found that the Duke Energy bill was for one month.

NEW BUSINESS:

No new business was presented.

SUBCOMMITTEE REPORTS:

No subcommittees met. The unofficial minutes for the July 13th Engineering Subcommittee are complete and will be distributed to the USB.

STAFF REPORTS:

Assistant Director of Engineering Bengtson gave an update on the Monroe Danis project. He said that the old chemical feed system area has been demolished and is ready to receive new chemical feed systems. A top coat has been put on the sump area. On Friday the Blastox arrived. It is a material that ties up the lead in old lead paints. It will be used in blasting off the paint on the tank that they will be re-painting. A window with 90 consecutive filter run hours still has not been reached. When it has they will be able to get inside the tank to work on it.

Once the previously mentioned items have been taken care of all that will be left is check lists and finalization of manuals for the operation of the equipment and final certificates. Then Danis will have to supply certificates that they have satisfied their subcontractors which may be a problem. With the painting of the tank substantial completion will have been reached.

Budget Analyst Trexler presented a cash flow statement through the month of June. It is a statement that shows what all of the fund balances are and how the cash has been flowing. He pointed out that in June there was a net loss of \$1.8 million. He explained that this was due to the semi-annual bond payments. That money is accrued through out the year then the payments are made in December and June.

Board member Vaught asked that the wording be changed in several places. He suggested that net income be replaced with net cash flow. Also net gain and loss should be changed to net cash inflow and outflow. He asked about the wastewater O & M which shows an outflow of \$186,000 for June. He wanted to know how that relates to the prior months. Mr. Trexler said that it was because of the larger transfer. In June the money for the new bonds would have started accruing. The first payment will be made in December of 2006. Mr. Vaught asked how much of an increase occurred with that bond. Mr. Trexler said that CUD had been accruing \$50,000 dollars per month. Mr. Vaught asked about the significant outflow in June. He wanted to know if that is a trend that will be continuing. Mr. Trexler said that he had not seen that.

Board member Henke asked about the numbers on the back page. Mr. Trexler said that they were just the numbers for June. The front page summarizes the information from each month. Mr. Henke asked if construction related contracts and payments are reflected in these numbers. Mr. Trexler replied that the revenue in O & M would include any interest income but would only be operating activities not financing ones. Water construction only shows payments that are out of pocket. If it were an SRF dispersment it would not be seen there. Mr. Henke asked if construction activities that are financed through SRF and bonds are in revenue or expense. Mr. Trexler said that the bonds would be. The bond proceeds are held in the construction funds. SRF sends the funds directly to the contractor. Mr. Henke asked if CUD received a bond sale to finance a project if that would be included in revenue. Mr. Trexler said that it would be in the construction funds. Those were seen in May.

Deputy Director Langley said that the final accounting on the contract for the first two operation periods of the Illinois Central Plant has been done. The contract came in at \$13,945 less than the amount that was estimated. This allows a reduction in the amount for the extension period. The amount required for the extension will be reduced by that amount.

Mr. Langley also said that they are about 90% sure that the carbon in the carbon vessels in the Illinois Central Plant that was planned for replacement is in good enough condition to last for awhile. That \$11,000 won't be needed at least for the time being.

Board member Vaught asked about the status of the audit. Assistant Director of Finance Horstman said that it is close to being done. The auditors are still in the building but no one knows what they are doing. They haven't asked for anything for a couple of weeks. Mr. Vaught asked if they are still on target to be finished by the end of August. Mr. Horstman said that as far as he knows that is the case.

PETITIONS AND COMMUNICATIONS:

There were no petitions or communications.

ADJOURNMENT:

The meeting was adjourned at 5:30 p.m.

L. Thomas Swafford, President